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## Question ID: 2018\_4253

**Status**

Final Q&A

**Legal act**

Directive 2014/59/EU (BRRD) as amended

**Topic**

MREL

**Article**

Preamble (79), Art. 45

**Paragraph**

1

**Subparagraph****COM Delegated or Implementing Acts/RTS/ITS/GLs**

Not applicable

**Article/Paragraph**

Not applicable

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**Name of institution / submitter**

RGF Division of Financial and Capital Market Commission

**Country of incorporation / residence**

Latvia

### **Type of submitter**

Resolution authority

### **Subject matter**

MREL requirement if resolution strategy is liquidation (no bail-in tool used)

### **Question**

Question 1:

Should the MREL requirement be set for a bank if its resolution strategy is liquidation and there is no plan to use a bail-in tool?

Question2:

What is the legal basis and the rationale for setting the MREL requirement for the bank if its resolution strategy is liquidation and there is no plan to use a bail-in tool?

### **Background on the question**

It is not clear what the legal basis or the rationale would be for setting the MREL requirement for a small sized bank if the proposed resolution strategy is liquidation and there is no plan to use a bail-in tool and so far no MREL has been set.

### **EBA answer**

Article 45(1) of Directive 2014/59/EU (BRRD) requires Member States to ensure that all institutions meet their minimum requirement for own funds and eligible liabilities (MREL).

Article 45(6) clarifies that MREL for each institution shall be determined by the resolution authority, after consulting the competent authority.

Hence, resolution authorities shall set MREL for all institutions, including institutions that have liquidation under normal insolvency proceedings as their resolution strategy, except for institutions that are explicitly

## Single Rulebook Q&A

exempted from compliance with the requirement in accordance with Article 45(3) BRRD or that benefit from the waiver in accordance with Articles 45(11) or (12) BRRD.

### **Link**

[EBA website link](#)